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1. All official and unofficial (black-market) imports of strategic raw materials and products into Czechoslovakia were handled by the Czechoslovak import-export monopolies (Vysadni spolecnosti pro dovoz a vyvoz). Representatives of the Czechoslovak Ministry of Foreign Affairs or Ministry of Foreign Trade did not regularly act as representatives of the Czechoslovak Government for either official or unofficial trade transactions abroad. However, the import-export monopolies were subordinate to the Ministry of Foreign Trade and were under its direct control, and every chief of department within these monopolies was responsible to the corresponding official in the Ministry of Foreign Trade and had to act "carefully as a regular merchant in conformity with fair-trade practices" (jednat s peclivosti radneho kupce). The purchasing official for foreign trade (he also handled foreign sales) acting on behalf of his trade monopoly, was for the most part independent within the limits of the responsibilities delegated to him by the monopolies, but he had to comply with the various trade acts, decrees, instructions, and guides issued by the Ministry of Foreign Trade. In official trade transactions, the purchasing official had to follow the approved import plan as a general guide. In his purchases, he was not allowed to exceed the planned quantities. When dealing with Western countries, he had to choose his supplier, always act "carefully as a regular merchant in conformity with fair-trade practices", and safeguard the interests of the National Bank. Every act not conforming to this policy was considered sabotage against national property. As far as purchase of strategic materials was concerned, the purchasing official had a free hand but had to choose the most desirable offer with regard to price and the safest route of transportation. He had to be ready at all times to justify his actions by providing competitive bids submitted to him. The immediate supervisor of the purchasing official in the monopoly was co-responsible for the actions of the purchasing official.

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2. The purchasing official was assisted by official representatives of the monopoly in the foreign countries with which he dealt. These representatives were Czechoslovak citizens and were employees of the monopoly. It was their job to keep their superiors informed about the market situation in the country where they were appointed and to render general aid of various kinds. The official representative never negotiated or contracted trade transactions. The purchasing official was also assisted by the Czechoslovak diplomatic missions in making business connections and in carrying on all trade transactions including unofficial purchase of strategic materials, but in the latter case the diplomatic missions did not act officially and openly. The commercial attache followed the trends of the market in the country where he was assigned, collected all bids and requests from foreign firms, and turned them over to the Ministry of Foreign Trade, which in turn turned them over to the appropriate trade monopoly. The commercial attache also followed economic and industrial developments in the foreign country and relayed this information to the Ministry. A purchasing official of a monopoly, who was sent abroad to handle some trade negotiations, had to report first to the commercial attache, who then assisted with the negotiations and informed the Ministry on their progress and, if especially charged, he controlled the carrying-on of the trade transactions. The commercial attache also assisted in handling the payments for unofficial purchases of strategic materials when the payments were in cash. In general, the commercial attache did not contract individual trade transactions, but on occasion he would be specifically asked and given full power to do so; in such cases he would conclude the purchase or sale on behalf of the monopoly concerned. The commercial attaches of Communist countries assigned to other Communist countries were more or less figureheads. They were usually of working class origin and unqualified to be regular commercial representatives.

3. During 1952 new personnel were assigned to all the more important foreign posts connected with commerce of the monopolies, the Ministry of Foreign Trade, and the Ministry of Foreign Affairs. All of these people came from the working class and were given a one-year training course in foreign business by the Ministry of Foreign Trade. These people had no professional knowledge but were entirely reliable CP members. It was the policy of the government to appoint as commercial officials abroad only reliable Communists with no professional knowledge and with no knowledge whatsoever of Czechoslovak industry. This was for security reasons, so that no information on Czechoslovakia might be revealed. When such a representative abroad was asked for information, he had to ask his superiors in Prague, and they could then decide what information to give.

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4. For unofficial purchases of strategic goods, trade monopolies rarely approached the producer, in most cases preferring to act through a middleman. This middleman acted on his own behalf and was the genuine supplier. The monopoly sometimes used as middleman its "agent" in the foreign country in question.

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Although the monopoly did not come in contact with the producers, it knew, in most cases, who the producer was. Foreign producers usually preferred to remain officially unknown to the Czechoslovak trade monopoly they were supplying, and, on the other hand, the foreign producers usually preferred not to know the final destination of their goods. Firms chosen as middlemen were well introduced and had enough connections, both with producers and shipping agencies, to secure safe transportation of the goods. These middlemen were rarely business men who dealt solely in black-market deliveries; more often they were honorable businessmen carrying on normal business transactions, who in addition

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arranged unofficial deliveries to Communist countries. Their carrying on of normal business enabled them to arrange unofficial deliveries unobtrusively. The contract for unofficial purchase of strategic materials which resulted from negotiations between the Czechoslovak trade monopoly and the middleman conformed to the usual Western commercial form of business transaction. The terms of the contract were in most cases dictated by the middleman. The payment, most often in US dollars or pounds sterling, was against documents, a bill of lading or bill of freight, an insurance policy, and a quality certificate issued in most cases by the "Surveillance" in Geneva. The "Surveillance" made sure the quality of the goods conformed to the terms of the contract. (The "Surveillance" was an international institution which served all the Communist countries including Soviet reparations deliveries from East Germany.) The payment usually took place either through irrevocable letter of credit, opened at the Swiss bank, or in cash. Cash payment has been becoming more frequent. The cash was brought from Czechoslovakia to Switzerland or Berlin by a diplomatic courier of the Ministry of Foreign Affairs and delivered there to the supplier against documents at the Czechoslovak diplomatic mission. When payment was in cash the procedure was arranged between the trade monopoly and the Ministry of Foreign Trade, then between that Ministry and the Ministry of Foreign Affairs, and finally between this latter Ministry and the National Bank. The amount due had to be covered in the appropriate import plan, because otherwise lengthy negotiations between the Ministry of Foreign Trade and the Planning Office were necessary and in the meantime the prospective purchase would fall through. Because of a constant lack of foreign currency in Czechoslovakia and because of the consequent lengthy procedure in allotting foreign currency to the import monopolies, convenient short-notice purchases could not be made. Also seasonal goods could not be purchased at the most convenient time price-wise, because the foreign currency allotments were spread over the whole year and could not be concentrated at one time. The annual import plan, when duly approved by the appropriate authorities, was, so far as the National Bank was concerned, only a promise that the necessary foreign currency to fulfill the plan would be allotted by the Bank. However, an application with details of how and when the money would be used had to be submitted to the National Bank for every quarter year, and another detailed application had to be submitted to the National Bank for each month in advance. All the import contracts were labeled: "with the reservation that the necessary import permit be accorded".

5. No special regulations whatsoever existed in Czechoslovakia concerning means of importing strategic materials or in respect to unofficial imports in general. There were several usual means, but they were all handled by the foreign middlemen, not by any Czechoslovak official. The intention of Czechoslovak trade monopolies was to avoid any possible implication in unofficial trade activities. The usual practice was to ship the goods first to an unobjectionable Western country and then from there to transship the goods to their final destination. This was always possible with money and with good connections. Shipments into Czechoslovakia were almost all accomplished, when by rail, through Austria, and when by ship through a Communist port, mainly Polish or East German. When the goods originated overseas, it was preferred to ship them directly in ships belonging to a Communist country with bill of lading listing a West European port as destination, often a Swedish or West German port, but the ship would take the goods directly to a Communist port. When no Communist ship was available in the overseas port, the goods were shipped to a free West European port by whatever ship was available and from there transshipped by a Communist ship to a Communist port. When the goods were of West European origin, they were shipped by rail to a free West European port and from there transshipped either by water to a Communist port or by rail through Austria. In all cases the goods were shipped

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as transit goods to avoid customs controls, and the destination was listed either as the middleman or as a shipping company. Another practice was to list false data on the shipping papers. Most control authorities were no specialists and had to take the data in shipping papers for granted. The practice also was to use an export license more than once or to have an export license issued where none should have been issued according to regulations. (This happened most often in Italy.) This latter trick was possible through bribing the appropriate officials. 25X6

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